

MERIT PAY SYSTEM EXCLUSIONS

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

NOTIFICATION OF THE PROPOSED EXCLUSION OF TWO AGEN-
CIES FROM COVERAGE UNDER THE FEDERAL MERIT PAY
SYSTEM, PURSUANT TO 5 U.S.C. 5401(b) (2) (B)

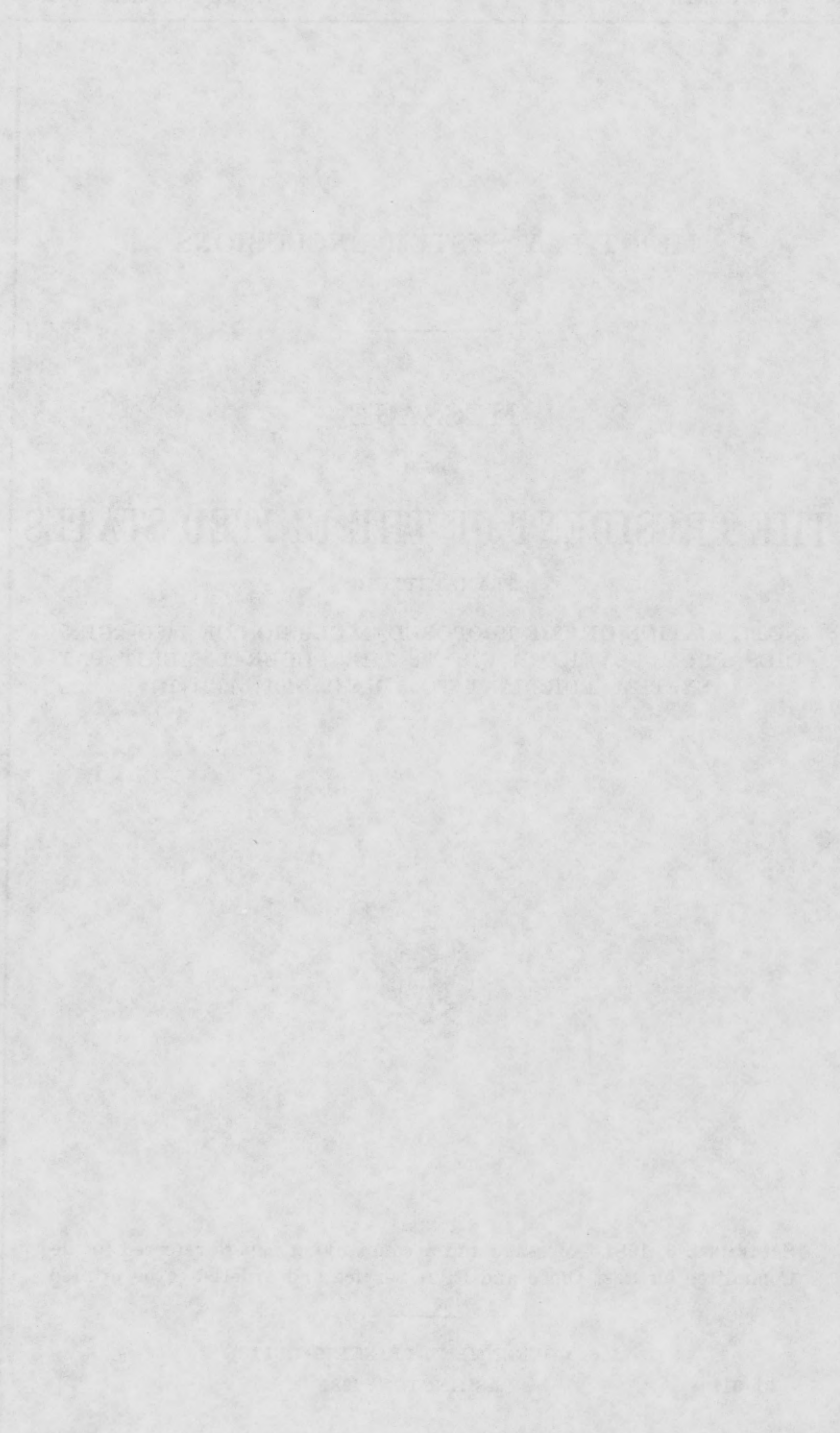


SEPTEMBER 6, 1984.—Message and accompanying papers referred to the
Committee on Post Office and Civil Service and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1984

31-011 O



To the Congress of the United States:

Supervisors and management officials in GS-13, 14, and 15 positions throughout the Federal Government are covered by the Merit Pay System as required by Chapter 54, Title 5, U.S. Code, unless otherwise excluded by law.

Upon proper application from the heads of affected agencies and upon the recommendation of the Director of the Office of Personnel Management, I have, pursuant to 5 U.S.C. 5401(b)(2)(B), excluded two agencies from coverage under the Merit Pay System. In addition, one agency previously excluded because of emergency conditions will no longer be excluded.

Attached is my report describing the agencies to be excluded and the reasons therefor.

RONALD REAGAN.

THE WHITE HOUSE, *September 6, 1984.*

(1)

REPORT OF THE PRESIDENT TO CONGRESS ON AGENCIES AND UNITS OF
AGENCIES EXCLUDED FROM THE FEDERAL MERIT PAY SYSTEM

I have excluded 2 agencies from coverage under the Federal Merit Pay System. These agencies are excluded because of small size. In addition, one agency previously excluded because of emergency conditions has eliminated those conditions and will no longer be excluded.

As required by Chapter 54, Title 5, United States Code, supervisors and management officials in GS-13, 14, and 15 positions throughout the Federal Government are covered under the Merit Pay System. As an exception to this requirement, 5 U.S.C. 5401(b)(2) provides that the President may exclude an agency or a unit of an agency from merit pay as follows:

"(A) Upon application under subparagraph (C) of this paragraph, the President may, in writing, exclude an agency or any unit of an agency from the application of this chapter if the President considers such exclusion to be required as a result of conditions arising from—

"(i) the recent establishment of the agency or unit, or the implementation of a new program,

"(ii) an emergency situation, or

"(iii) any other situation or circumstance.

"(B) Any exclusion under this paragraph shall not take effect earlier than 30 calendar days after the President transmits to each House of the Congress a report describing the agency or unit to be excluded and the reasons therefor.

"(C) An application for exclusion under this paragraph of an agency or any unit of an agency shall be filed by the head of the agency with the Office of Personnel Management, and shall set forth reasons why the agency or unit should be excluded from this chapter. The Office shall review the application and reasons, undertake such other review as it considers appropriate to determine whether the agency or unit should be excluded from the coverage of this chapter, and upon completion of its review, recommend to the President whether the agency or unit should be so excluded.

"(D) Any agency or unit which is excluded pursuant to this paragraph shall, insofar as practicable, make a sustained effort to eliminate the conditions on which the exclusion is based.

"(E) The Office shall periodically review any exclusion from coverage and may at any time recommend to the President that an exclusion under this paragraph be revoked. The President may at any time revoke, in writing, any exclusion under this paragraph."

The heads of 2 agencies have applied for exclusion. The Director of the Office of Personnel Management has reviewed their applications and has found them to be in proper form and of merit. Upon his recommendation, I have reviewed these cases and I have concluded that the exclusions requested should be granted.

Office of Administration—Executive Office of the President: Affects 7 employees.

Office of the Federal Inspector for the Alaska Natural Gas Transportation System: Affects 9 employees.

Organizations with extremely small merit pay populations would have to devote an inordinate proportion of resources to implement merit pay systems, and the resultant pools of merit pay funds are likely to be too small to maintain equitable merit pay adjustments.

The problem with very small pools lies in their potential insufficiency to support merit pay systems that meet the intent of Congress; that is, to fund adjustments to salaries of covered employees that appropriately reflect their overall performance. Since the size of the total pool of funds available for merit pay increases is fixed by the population rather than the performance ratings, the size of an individual's merit pay adjustment is affected to some degree by the overall performance of the group as well as by his or her own performance. Normally, this effect will average out, but with very small groups another individual's performance has nearly as much impact on one's increase as his or her own, and merit pay cannot be confidently administered.

ELIMINATION OF EXCLUSION

Federal Aviation Administration—Department of Transportation

The Federal Aviation Administration has been excluded from merit pay for the previous two years under the emergency provisions of 5 USC 5401(b)(2). The reason for the exclusion was that the conditions created by the strike of the Air Traffic Controllers placed extraordinary demands on the workforce, particularly the requirements placed on supervisory personnel to operate a safe and efficient air traffic system while, at the same time, training thousands of new employees. The FAA reports that the demands placed on managerial and supervisory employees have been sufficiently reduced so that a merit pay system may now be implemented. Therefore, the exclusion from merit pay for the Federal Aviation Administration is no longer in effect.



